Daily Report

Latin America

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Cuba

Castro, Kamentsev Discuss Intergovernment Talks

FL1905205388 Havana Radio Reloj Network in Spanish 1933 GMT 19 May 88

[Text] Commander in Chief Fidel Castro, president of the Councils of State and Ministers, has received Vladimir Kamentsev, deputy chairman of the Council of Ministers of the USSR. Kamentsev also heads the Soviet delegation to the Cuban-Soviet Intergovernmental Commission for economic and scientific-technical cooperation which is being held in Havana.

During the meeting, the Soviet deputy minister gave Fidel his impressions of his visit to the Isle of Youth and Santiago de Cuba, where he toured historical sites, working centers, and the school system for foreign students. Their discussions also centered around the working sessions of the intergovernmental commission about which Fidel received a complete report.

The meeting confirmed the broad friendship and cooperation which prevails in Cuban-Soviet relations; it also proved to be further evidence of friendship.

FRG Green Party Delegation Arrives on Visit

Meets With Risquet

FL1805135688 Havana Television Service in Spanish 0000 GMT 18 May 88

[Text] Jorge Risquet Valdes, member of the PCC Politburo and secretary of the Central Committee, has held official talks with a Green Party delegation from the FRG.

The delegation is headed by Jutta Ditfurth, spokesperson of the organization, and includes (Regula Bot), spokesperson in the federal parliament, and (Mandet Siran), deputy chairman of the federal commission. The talks were held in a frank and fraternal atmosphere, and matters concerning the international situation were discussed. Experiences were also exchanged on the struggle for the protection of the environment, and concern was expressed by both parties over health care issues and the fulfillment of economic and social needs, among other topics.

Holds Talks With Aguirre

FL1805234388 Havana Radio Rebelde Network in Spanish 2300 GMT 18 May 88

[Text] Severo Aguirre del Cristo, acting president of the National Assembly of the People's Government, has received in Havana a Green Party delegation which is headed by Jutta Ditfurth, president of the organization.

Haiti

Manigat on U.S. Relations, Casecs, Amnesty

FL1905205288 Port-au-Prince Radio Nationale in Creole 1451 GMT 19 May 88

[Press conference with President Leslie Manigat by unidentified reporters; place not given—live; monitored in progress]

[Excerpts] [Manigat] ...There is an embassy here that is open, and with which we have good relations. The statements by the U.S. Administration, the executive branch of the government, are generally favorable to the efforts we have been making since 7 February 1988. [passage omitted]

Thus, our diplomatic relations with the U.S. Administration are not a problem, as far as I know. Now, as far as aid is concerned, things are different. As regards cooperation, it is evident that we are the victims of the situation we inherited. The sanctions were not against us. We came to power at a time when the decision to apply sanctions had already been taken against this country, which is something totally different. [passage omitted]

Once again, we are making efforts to rid the country of a legacy. Because— and I want you to understand this well—it is not the government that suffers from these sanctions, but rather the people. [passage omitted] If we had work to do, projects underway, programs being developed, and these had to be stopped abruptly and the projects could not be carried out, it isn't the government that is the victim. Rather, it is the country that loses out. [passage omitted]

Our position is clear; crystal clear [preceding two words in English], as the Americans say. Our political relations are good. Our diplomatic relations are good. Aid has been suspended. That's your answer. [passage omitted]

[Reporter] The results of the Casec [Administrative Councils for the Communal Sections] elections have been published. The Casecs have given rise to quite a lot of criticism. First, were elections really held—567 elections? Second, there was a 3-month delay in publishing the results, which is a long time. Two demonstrations were, if not forbidden, firmly discouraged. Could you comment on these different matters in connection with the Casecs?

[Manigat] The Casecs thing is very simple. The elections were held. The Provisional Electoral Council [CEP], which was in charge of supervising—organizing—these elections, (?received) the results. The head of the CEP declared—publicly, I believe—that he had sent the results to the pertinent organizations. First they said it was on 6 February. Then they said it was on 7 February. The fact is that when we ourselves (?addressed the matter), we were unable to find the originals of the official record of proceedings. We never found it. This is something the prime minister has already explained at length.

So we asked: Where are the Casec results?

There was one copy at the Secretariat of the CNG [National Government Council], which was offered to the government, offered to the prime minister.

I think that another copy was found at the Ministry of the Interior, if I remember correctly what the minister of interior told me.

Thus, with the photocopies, there was a problem. You know that the prime minister is also the minister of justice, and a man of law. [passage omitted] With photocopies, it is normal for the government to have a healthy reflex; that is, someone might try to contest the validity of a photocopy, because a photocopy is not enough for one to say, here is the original. Thus, the original had to be found. So we searched for the original. We did not find it.

We did not find it but since photocopies, which were identical to it, existed, the prime minister himself suggested that the copies be authenticated by the very man who wrote them, because authentification by the author gives legal validity to a text. That is how the idea of having the copies authenticated arose.

However, public opinion sectors and, I think, even a parliamentarian had said that it was the new government that was delaying publication or that it had who knows what interest in not publishing them. It was even suggested that the RDNP [Assembly of Progressive National Democrats] might benefit from manipulation of the results. For this reason, under those conditions, we were not going to shoulder this responsibility alone, because when the text was finally published, people would say: It's the government. What (?did the government do to) the results?

Thus, we chose to have the authentication done not only by the author of the document in the presence of the government before a notary, but also in the presence of the other representatives of the people; that is, a delegation from the Senate and the Chamber of Deputies. [passage omitted]

Now, as regards the content of the results, I admit that I did not personally read the document. I don't know who won where.

The CEP issued the results. The CEP was the organization in charge of so doing. Its results were published. It is as simple and as clear as that, as far as we are concerned. [passage omitted]

We wanted to take all possible precautions in this connection. These precautions were taken. An agreement was reached. We were able to find a solution based on consensus, if you like—a (?solution) based on dialogue. And the problem was solved. Voila! [passage omitted]

[Reporter] A question that touches on both international relations and Haiti's economic situation, Mr President: Can you give us any information on the status of the negotiations between Venezuela and Haiti in connection with the setting up of a refinery for petroleum products in Haiti? Thank you.

[Manigat] All right. You are asking a precise question which I think we cannot answer at present but which we will answer in a few weeks.

All I can tell you is that your question is correct. Negotiations are indeed going on and as regards Haiti's future in terms of petroleum, we do indeed have plans and Venezuela is willing to cooperate. However, since we are presently engaged in negotiations and since these are international matters and not simply a national matter, I promise to give you a definitive answer when the negotiations have come to an end.

But you are right. Negotiations are indeed going on, and we do indeed have a petroleum project that we can realize with the cooperation of the Venezuelan Government, which appears to be favorably inclined in this connection.

[Reporter] Everyone knows that Haitian prisons are in wretched shape. Of course, conditions are not in keeping with human rights standards. I would like to ask you, as chief of state, if there are any plans to improve these prisons.

[Manigat] Thank you for your question. I will answer it in two ways: first a general answer, and then a direct answer. [passage omitted] Yes, we will address the prisons, just as we will address other sectors with problems in Haiti.

In fact, I will take this opportunity to say that on the occasion of 18 May, and following the second visit to the prisons—this one headed by the prime minister himself—I have decided, as a gesture, to issue an amnesty decree to benefit a few prisoners.

The decree will probably be published this afternoon, to show that we are in touch with this prison matter, a matter that we will indeed resolve. We will do so as we acquire the means to solve the country's fundamental problems by counting first of all on ourselves but also by counting on the understanding of certain countries which did not hesitate to continue or even increase their aid, seeing that we are in trouble and that we are men of good will. [passage omitted]

Netherlands Antilles

Maria Liberia Peters Sworn In as Prime Minister

FL1905120388 Bonaire Trans World Radio in English 1130 GMT 19 May 88

[Text] A new government took office in the Netherlands Antilles yesterday following several weeks of political maneuvering. The new government is headed by Prime Minister Maria Liberia Peters who was sworn in by Governor Rene Romer in Curacao on Wednesday after a month-long reworking process.

It all started when the Don Martina cabinet fell due to the withdrawal of support by the Workers Party.

Mrs Liberia Peters second cabinet numbers 8 ministers and enjoys the support of 14 of the 22 members of the Antillian states or parliament.

Cooperation in Strategic Areas Offered to Panama

FL1905221088 Mexico City NOTIMEX in Spanish 1801 GMT 19 May 88

[By correspondent Ana Maria de Paulis]

[Text] Panama City, 19 May (NOTIMEX)—Carlos Plank, Mexican ambassador to Panama, reported here today that Mexico has offered to cooperate with the Panamanian Government in strategic areas such as livestock-agriculture, energy, and professional training, especially for the operation of the canal.

The Mexican diplomat said Panama shows evident signs of recovery and reactivation of its foreign policy, especially within the Latin American framework. He noted that there are clear signs of a gradual reincorporation of Panama in continental activities.

Panamanian Foreign Minister Jorge Ritter participated recently in the Contadora and Support Group meeting. Likewise, the organizational changes taking place at the Foreign Ministry itself and the foreign service are interesting signals.

At the New York meeting, Panama joined together with the Contadora Group in an aid plan for Central America within the framework of the UN Development Program.

On another subject, the ambassador said Panama has suffered from serious economic problems and that, based on this, Mexico considered reactivating cooperation programs. Plank was emphatic in pointing out as fundamental elements of the Mexican cooperation the absolute unconditionality of the aid, respect for the various requests, and the defining of priorities.

Within this framework, Mexico is well disposed to cooperate with the reconstruction process, said Ambassador Plank, stressing the good relations between the two countries. He asserted that cooperation has already been defined in the area of education, in cultural programs and in technical and professional training through scholarship programs. Training of personnel who will work in the canal was of special interest.

Panama will step up its participation in the highest technical and administrative levels of the canal operations, in line with the Torrijos-Carter Treaties, until it completely controls the canal in the year 2000.

Also, Mexico will help in the rehabilitation of the Chepo livestock-agricultural center, located some 30 km from Panama City, to improve its development level. The Panamanian Government clearly defined the priority livestock-agriculture has as a result of the crisis.

A high-level Mexican Foreign Secretariat official will arrive in Panama soon and will directly deal with the development of the Chepo center and other possible areas of cooperation.

Finally, Mexico offers its cooperation in the area of energy, based on the existing San Jose Treaty. It is also willing to cooperate in oil exploration and in a marketing program.

Foreign Secretary Sepulveda Ends Visit to Greece

FL1705211588 Mexico City NOTIMEX in Spanish 1608 GMT 17 May 88

[Text] Athens, 17 May (NOTIMEX)—Mexican Foreign Secretary Bernardo Sepulveda Amor ended today his official visit to Greece after meeting with his Greek counterpart Karolos Papoulias.

A Greek Government spokesperson said the Mexican foreign secretary, who arrived in Greece last Sunday, discussed with his opposite number the situation in Central America and Latin America in general.

In the meeting, Papoulias explained the Greek-Turkish problem and the situation in Cyprus, as well as that of the Balkans after the region's foreign ministers conference held in Belgrade last February.

The Greek Government spokesperson said Sepulveda expressed interest in the Greek plans to establish a nuclear free zone on the Balkans where two NATO member countries, two Warsaw Pact countries (Romania and Bulgaria), and two Nonaligned Movement member countries (Yugoslavia and Albania) coexist.

Papoulias and Sepulveda also talked about the Iranian-Iraqi war; the situation in the Middle East; and the initiative of the Group of Six, composed of Mexico, Greece, Tanzania, India, Argentina, and Sweden, for peace and nuclear disarmament; as well as East-West relations.

With today's activities, Sepulveda ended his official visit in Greece, where he will spend 2 days of leisure before leaving for Italy.

OPEC Official Invites Mexico To Join Cartel

FL1905180588 Mexico City NOTIMEX in Spanish 1607 GMT 19 May 88

[Excerpts] Mexico City, 19 May (NOTIMEX)—OPEC Secretary General (Fadhil el-Chalabi) has formally invited Mexico to join the cartel.

Meanwhile, Pemex Director Francisco Rojas Soriano will travel to South America to finalize strategic alliances with consumer countries.

During talks with Mexican Energy Secretary Fernando Hiriart, the OPEC secretary general said that Mexico's membership will promote more stable oil prices in the international market since Mexico is the eighth largest producer of hydrocarbons. He said that OPEC has lost control of the market and, now more than ever, this requires the cooperation of independent producers. The OPEC official, however, denied the possibility of a price war. [passage omitted]

For his part, the Mexican energy secretary did not respond to the OPEC invitation since the decision requires a government consultation. Officials of the Energy, Mines, and Parastate Industry Secretariat feel that membership might reduce Mexico's ability to manage its international petroleum policy.

Pemex Director Rojas Soriano will travel to Venezuela, Argentina, and Colombia on Monday to begin talks on selling Mexican petrochemical products and oil by-products. This purchase-sale operation is being undertaken in compliance with the strategic alliances proposed with consumer countries.

Rojas Soriano will also meet with Venezuelan President Jaime Lusinchi and Venezuelan Energy Minister Arturo Hernandez Grisanti. While in Argentina, the Mexican energy minister will inaugurate a gas pipeline that is being constructed with Mexican assistance.

Official Says Solidarity Pact Lowers Inflation

PA1905192788 Mexico City XEW Television Network in Spanish 1300 GMT 19 May 88

[Excerpt] Planning and Budget Secretary Pedro Aspe has announced the achievements of the Economic Solidarity Pact in the fight against inflation. He pointed out that the inflation rate in April was 3.1 percent, the lowest in the last 34 months.

Planning and Budget Secretary Pedro Aspe said in Cuernavaca, Morelos, that the considerable drop in the inflation rate is not the result of magic or chance:

[Begin Aspe recording] The considerable drop in the inflation rate is not the result of magic or chance. It is the result of effective political leadership, democratic agreements, and a healthy economy. Guidance, convictions, work, agreements, and discipline are not the result of improvisation or chance. [end recording]

While signing the Morelos Development Plan, at which ceremony President Miguel de la Madrid was the guest of honor, Secretary Aspe reported that two innovations have been made to complement the federal organizations' economic and social development plans:

[Begin recording] First, the state organization formally joins the Economic Solidarity Pact and promises to support the measures taken by the various production sectors to fight inflation. Second, the federal and state officials promise to establish and operate a financial information system aimed at strengthening the national planning system's database. [end recording] [passage omitted]

Presidential Elections Vote Poll Shows Draw

PA1905193788 Mexico City UNOMASUNO in Spanish 9 May 88 p 5

[Excerpts] The results of a poll conducted by the Mexican Institute of Public Opinion A.C. [IMOP] out of a sample of 700 interviews, "which is representative of voters," show the possibility of a draw between presidential candidates Carlos Salinas de Gortari and Cuauhtemoc Cardenas Solorzano. The polls show that these presidential candidates would get 37 percent of the votes each.

According to the poll conducted by IMOP employee Adip Sabag, the National Action Party and its candidate, Manuel J. Clouthier, would obtain only 12 percent of the votes; Mrs Rosario Ibarra de Piedra would obtain 4 percent; and Gumersindo Magana would obtain less than 1 percent. [passage omitted]

The report issued by IMOP "confirms that the voting in favor of the candidate of the ruling party will be proportionally the smallest one in the party's history since 1929. Salinas de Gortari would be the first PRI candidate not to obtain even 40 percent of the total votes."

The IMOP report adds that according to the methods used to acquire votes, "the significant progress made by Salinas and Clouthier results from the intensive, increasing, and excessive use, particularly in Salinas' case, of publicizing through the mass media." [passage omitted]

Briefs

Antidrug Actions

Mexico City, 17 May (NOTIMEX)—General Juan Arevalo Gardoqui, secretary of the national defense, reported today to President Miguel de la Madrid Hurtado that the Mexican Army has destroyed in the last 28 days 6,875 poppy and 1,220 marijuana fields covering 679 hectares. In a meeting with the chief of state, he added that Mexican Army soldiers also confiscated 150 kg of marijuana and destroyed 19 camps which were used by those harvesting the drug. Arevalo noted that 8 tons of marijuana bales, 347 kg of marijuana seeds, 107 of poppy, 7 of opium paste, and 2 of cocaine were seized. Also, 270 people involved in the harvesting, trafficking, and distribution of drugs were turned over to the appropriate authorities and 598 firearms of various calibers were confiscated. [Excerpt] [*FL1805213088 Mexico City NOTIMEX in Spanish 1920 GMT 17 May 88*]

El Salvador

Government, Parties Discuss Peace Proposal

PA1905141088 San Salvador Canal Doce Television in Spanish 0300 GMT 18 May 88

[Passages within quotation marks recorded]

[Text] Today the executive branch headed by Jose Napoleon Duarte met with the six [as heard] majority political parties to discuss a national peace plan to be proposed to the guerrillas.

The meeting ended with an agreement to meet again next Tuesday. During a brief news conference with journalists who waited for the results, the participants said they were satisfied with the meeting.

It was a private meeting. Cameramen were only allowed to stay in the room for 1 minute. Each party—the National Conciliation Party [PCN], ARENA [Nationalist Republican Alliance], and the Christian Democratic Party [PDC]—had four representatives. President Duarte was accompanied by Vice President Rodolfo Antonio Castillo Claramount, Defense Minister General Eugenio Vides Casanova, and Presidency Minister Colonel Reinaldo Lopez Nuila.

Let us hear President Duarte's statement:

[Duarte] "We have met to discuss peace. We have analyzed the possibilities of presenting peace proposals and of reaching an understanding toward that end."

ARENA was represented by Freddy Cristiani, Francisco Merino, Colonel Sigifredo Ochoa Perez, and Colonel Carlos Humberto Figueroa; the PCN by Rafael Moran Castaneda, Arturo Mendez Azahar, Igor Rubio, and Juan Jose Bonilla; and the PDC by Roberto Viera, Ovidio Hernandez, Aquilino Duarte, and Pablo Mauricio Alvergue.

[Speaker] "It is interesting that we have agreed to meet again, so all the views expressed at this meeting can be analyzed within each party; and then we will meet again next Tuesday based on each party's analysis of the position maintained by the three parties. We believe a common effort is vital; therefore, we believe the meeting was positive."

This was the first dialogue between the government and political parties, particularly between ARENA and the PDC, to analyze the military conflict.

Meanwhile, although the political parties admitted they knew about the FMLN proposal, they denied it was discussed during today's meeting.

[Speaker] "We have received that letter, which will be analyzed by the party's political committee—in other words, by the executive council that will meet next Monday for this purpose. The contents of that letter are very abstract; therefore, we must analyze each paragraph before we can give a reply. Although we have received individual invitations, the three parties have been asked to join efforts, so we will have to analyze the proposal separately before we can sit down to discuss it. Our party will meet tonight, so tomorrow we will have some conclusions."

The meeting, which began at 1000, lasted a little over 3 hours. The 16 participants were pleased to initiate what could lead to a national peace proposal to resolve the Salvadoran conflict, which has already lasted more than 8 years.

Military Examining Electricity System Security

PA1905155888 San Salvador Radio Cadena YSU in Spanish 1905 GMT 18 May 88

[Report by Carlos Mario Marquez]

[Text] Colonel Mauricio Ernesto Vargas, chief of operations of the Armed Forces Joint General Staff, has reported that the Armed Forces are evaluating the increase of security of the national electricity system. Col Vargas said the Army is conducting three major counterinsurgency operations in Chalatenango, Usulutan, and San Miguel Departments and will not desist from doing so because of the sabotage of the electric system by the rebels. This is what Vargas said about the FMLN's sabotage actions during the last few hours:

[Begin recording] [Vargas, in progress] ...the military situation, we will not do so. There is no stepping back here. We are marching forward until we achieve final victory. We are conducting an offensive in the El Paraiso area that I think is doing the most harm to the FMLN in its psychological and command aspects. We are also conducting the "Heroes of Jucuaran" Operation, which covers all of Usulutan Department, and an offensive operation in northern San Miguel. These are in addition to the operations we carry out permanently throughout the nation's territory to protect lives and property.

We are evaluating the situation together with the corresponding organizations to improve the security of the electricity lines. It is not an easy situation; it is quite complex and difficult. Just to give the people a general idea of the situation: We have approximately 800 km of 115-kW lines and some 740 [corrects himself] some 1,500 km of lines, and we do not have the human resources or technology to provide total protection.

However, we are analyzing how to raise the security levels and (?meet) the basic electricity needs in hospitals, homes, industry, trade, and in even the humblest (?little village). We are studying how to improve the security levels under the circumstances.

I wanted to report this to you and to tell the FMLN that it must realize it cannot go on talking to the masses about peace while it continues killing, kidnapping, or

destroying them; it cannot talk about independence when it gets orders and supplies through the Cuban-Nicaraguan axis; it cannot continue talking about democratic participation or convergence if it advocates a Marxist-Leninist ideological system with which it is trying to indoctrinate the masses by exploiting their weaknesses—the right path is the consolidation of democracy, and we Salvadorans will definitely achieve the peace we long for this way.

[Reporter] Have you managed to detect or destroy rebel camps during all of these counterinsurgency operations? Can you tell us how many casualties have been inflicted on the FMLN?

[Vargas] The number of casualties has been large, quantitatively speaking. The victory they scored at the 5 November Dam is a paper victory, a propaganda victory. Approximately 80 terrorists were killed in the 5 November Dam area alone. I do not think the damage was correctly assessed. Two transformers were partially damaged, and three are operating. The (?cutting down) of the towers worsened the crisis, but these are paper victories, I repeat. Absolutely no account is taken of the advance, [words indistinct] imbalance or lack of equilibrium with the military position of the Armed Forces. We exert military control. Camps and fundamental infrastructure and logistical means have been destroyed. Only yesterday, 123 [words indistinct] FMLN mines were deactivated in Chalatenango Department.

Furthermore, qualitatively speaking, in specific terms, when they talk about controlled and liberated territories, the Marxist dialectic again becomes obvious. They hold no territory and control no territory. They do not have military capabilities. They have capabilities to create terror. What the Salvadoran people and our Armed Forces can guarantee is that we will shed even the last drop of our blood to defend the people, defend freedom, and ensure the consolidation of the process toward democracy, which is what our country wants. [end recording]

Guatemala

'Mountain Officers' Threaten President Cerezo

PA1905210288 Guatemala City Radio Nuevo Mundo Network in Spanish 1200 GMT 19 May 88

[Text] The so-called Mountain Officers made a public threat against President Cerezo in a communique today. The communique notes that the president's security men must exercise great care, because he will not live past June.

The Mountain Officers also claimed responsibility for an attack on the Mexicana de Aviacion airline offices. The group says a bomb was left at the airline's offices because the airline flew RUOG [United Representation of the Guatemalan Opposition] leaders Rigoberta Menchu, Frank Larrue, Rolando Castillo Montalvo, and Marta Gloria de Torres to Guatemala.

The Mountain Officers finally point out that 30 June, Soldiers Day, will be the day of true fighters, because the Christian Democratic government will be toppled on that day.

Meanwhile, a communique released by the White Hand group directly threatens priests Juan Gerardi and Gerardo Flores, accusing them of being Marxists.

Reconciliation Panel Suspends Talks With URNG

PA1905160188 San Jose Radio Reloj in Spanish 0100 GMT 19 May 88

[Text] The Guatemalan guerrilla leaders' meeting with the National Reconciliation Commission [CNR] of Guatemala that was slated to be held this weekend in San Jose has been suspended. Costa Rican Foreign Minister Rodrigo Madrigal Nieto made the announcement and said that the CNR had decided to suspend the agreement. The CNR members decided to devote all of their efforts to the internal situation of their country resulting from the attempted coup d'etat against the Vinicio Cerezo government.

With the suspension of the meeting slated for this weekend, the dialogue with the Guatemala guerrillas is left undefined. It had been said that on Saturday and Sunday, the main political leaders and guerrilla commanders of Guatemala would meet with members of the CNR of their country.

However, now that the meeting has been suspended, they will have to wait for a better opportunity to resume the dialogue, which is basic for continuing with the regional peace process.

Government Orders Television Station Closed

PA2005055888 Paris AFP in Spanish 0451 GMT 20 May 88

[Text] Guatemala City, 19 May (AFP)—Tonight the Guatemalan Government ordered the closing of television channel 3, which broadcasts the newscast "Here Is the World." The station is owned by Mario David Garcia, one of the five civilians accused of encouraging the 11 May military uprising.

The official statement says "the right to use the broadcast frequency is hereby suspended until further notice." No further details were given.

Government Condemns Attack on TASS Office

PA1905172388 Panama City ACAN in Spanish 2230 GMT 18 May 88

[Text] Guatemala City, 18 May (ACAN-EFE)—Today the Guatemalan Government condemned this morning's terrorist attack on the residence and office of TASS correspondent Aleksandr Trushin in Guatemala City.

Presidential spokesman Julio Santos said the government "condemns the attack on the TASS correspondent's house and office," located in a residential area in the southern part of the capital. He added that "it was an action by the enemies of democracy, who are trying to destabilize the democratic system."

Unidentified terrorists threw two fragmentation grenades at the correspondent's residence at 0200 (0800 GMT). The explosion destroyed the correspondent's car, a gate, and several windows. Trushin and his wife, who were sleeping at the time, were woken up by the explosion, but the shrapnel did not reach their bedroom.

Santos said the government is investigating the incident. He also said the government condemns a rifle-fire attack on the residence of ultra-rightist National Liberation Movement (MLN) leader Mario Sandoval Alarcon. The latter attack, which left no casualties, occurred on 7 May in the southern part of the capital.

Both the TASS and the Cuban PRENSA LATINA correspondents in Guatemala were recently threatened by the ultraright-wing White Hand and Mountain Officers organizations, the latter composed of military men who are clandestinely opposed to the government.

Honduras

Taiwanese Foreign Minister Meets Azcona

OW2005070088 Taipei CNA in English 0324 GMT 20 May 88

[Text] Tegucigalpa, May 19 (CNA)—Honduran President Jose Azcona Hoyo received Foreign Minister Ting Mou-shih of the Republic of China [ROC] Wednesday at the presidental office.

During the meeting, Ting presented a personal letter of ROC President Li Teng-hui to President Azcona and exchanged with him opinions on how to increase cooperation between the two countries.

President Azcona said the ROC and Honduras have long maintained cordial relations which are further strengthened through visits to each other by ranking government officials of the two countries.

The chief of state of Honduras said all Honduran government officials who had visited the ROC were deeply impressed by the ROC's progress and prosperity. The most admirable is that the ROC's achievements are made under a free and democratic system, he added.

Azcona said Honduras welcomes ROC entrepreneurs to make investments in his country.

There are two export processing zones in Honduras now and the related law is established, offering preferences to the export-oriented industries, Azcona said.

In addition, the Honduran government is planning to construct an inter-ocean railroad linking sea ports on the Pacific and Atlantic coasts of the country. Although the project of the 600-kilometer long railroad is still in the preliminary stage, it is seen as viable. Honduras prefers that the project will be a multinational and private joint-venture in order to avoid international influence.

Azcona told Ting that overseas Chinese have made great contributions to the development of Honduras. They are good Honduran citizens, he added.

The president also praised ROC Ambassador Huang Chuan-li for his dedication to promoting relations between the two countries.

Nicaragua

President Ortega on Talks With Contras

PA1905143088 Managua Domestic Service in Spanish 0125 GMT 19 May 88

[News conference held by President Daniel Ortega Saavedra with unidentified reporters; place not given—live; broadcast in progress]

[Text] [Reporter] ...today Alfredo Cesar said this will be the last meeting, because it is useless to continue negotiating as you are only trying to gain time for undisclosed reasons. What do you think about that?

[Ortega] We must take into account that there are great pressures from the U.S. Government to kill the peace process, the Sapoa accords. We hope that the members of the [Nicaraguan Resistance] Directorate who signed the Sapoa agreement—the contra leaders who at that time assumed an independent attitude from the Reagan administration—will be capable of maintaining their position.

[Reporter] [Words indistinct] would be representative given the divisions [words indistinct]?

[Ortega] We will wait and see. We must wait for the meeting to take place; then we will see what happens. We are interested in reaching an overall peace agreement.

[Reporter] What are the possibilities that they may (?reject) the proposal to extend the truce?

[Ortega] It depends on their ability to resist U.S. Government pressures, which are very strong.

[Reporter] [Words indistinct] during the last meeting they did not accept the proposal. Have they changed that position?

[Ortega] They have not given us a positive reply. We maintain our proposal.

[Reporter] Has a date been set for the dialogue?

[Ortega] We have agreed on a tentative date, which will be at the end of the month.

[Reporter] Has a date been established for a meeting with the vice foreign minister in Miami?

[Ortega] We are currently discussing the date and place. This is the main issue right now.

[Reporter] [Words indistinct] as long as divisions exist within the National Resistance?

[Ortega] Divisions are a problem. However, the main problem is a result of the U.S. Government's attitude, which has exacerbated these divisions ir order to break and hinder the Sapoa agreement.

[Reporter] [Words indistinct] Bermudez is definitely against an agreement?

[Ortega] He is a criminal, genocidal guard who is not interested in peace.

[Reporter] [Words indistinct] further contacts with the...

[Ortega, interrupting] We will maintain all the necessary contacts to agree on a definite date.

[Reporter] If no truce is reached, what will the Nicaraguan Government's stance be?

[Ortega] We maintain our proposal for a cessation of offensive operations. We maintain the proposal. We must wait for the meeting to take place, if there is a meeting. There, we will discuss extending the cessation of offensive operations. That is our stance.

[Reporter] [Words indistinct] with the contra groups that may want to continue the negotiations. Will it be possible to continue the negotiations with those who wish to? Will war resume with those who want to resume the war? Does the possiblity already exist of mai..taining ....

[Ortega, interrupting] Bermudez truly opposes peace. He has announced he will continue the war. However, there are other contra leaders who signed the Sapoa agreement. We still do not know how they will react under these conditions. These contras are at odds with Bermudez. If some of them are ready to continue the peace process, we will continue it with them.

There will be no reason to fight with these forces, because they are prepared to continue the peace process. Regarding those contras who decide to break the peace agreement and begin terrorist actions against the Nicaraguan people, we will logically attack them with all our might to annihilate them.

[Reporter] Have you had any contact with the forces that signed the Sapoa agreement or that are ready to comply with it?

[Ortega] There have been contacts in the field with some contras. (?I can say) that there are serious differences. Everybody knows that. One top contra leader was expelled from Honduras because of his differences with Bermudez. In fact, Bermudez did not sign Sapoa. That expelled contra leader did.

[Reporter] Regarding the contra leaders who have been expelled from Honduras, something your government protested as the Honduran Government's interference in an internal problem within the contras, if they are unable to return to Honduras and contact their [words indistinct], will your government be willing to let them enter Nicaragua so they can accept...

[Ortega, interrupting] We are willing to establish the necessary contacts to find a solution to the problem within the framework of the peace agreement and within a spirit of peace. That is the important thing.

RN Insists on Conditions for Resuming Talks

PA1905175788 Panama City ACAN in Spanish 1641 GMT 19 May 88

[Excerpt] Managua, 19 May (ACAN-EFE)—The Nicaraguan Resistance [RN] insists that the Nicaraguan Government agree to a numberof demands as a condition for holding the fourth round of top-level negotiations in Managua before the end of the month, a spokesman for the RN leadership said today.

The spokesman from Miama read to ACAN-EFE a communique signed by rebel leader Roberto Ferrey. The anti-Sandinists believe the meeting should take place on 20 May and that as a basic condition, the Managua government should suspend the restrictions on the private news media and allow the RN leaders to meet with all opposition groups.

The RN leaders also ask the Sandinists to allow them to hold a panel discussion that would be broadcast live on state television. The contras also request that they be allowed to attend a mass scheduled to be held in Managua, and they ask to stay at the Intercontinental Hotel, the communique adds.

All this must be confirmed by the Nicaraguan Government on 20 May, the date the two sides should meet, according to the rebels. [passage omitted]

Bermudez Confirmed Leader; RN To Attend Talks

PA2005010388 Paris AFP in Spanish 0000 GMT 20 May 88

[Text] San Jose, 19 May (AFP)—Today it was officially reported in San Jose that the Nicaraguan Resistance (RN) Directorate has confirmed Colonel Enrique Bermudez as commander in chief of the anti-Sandinist military forces.

The rebel leader Alfredo Cesar, one of the five members of the RN Directorate, stated this at a news conference. Cesar added: "The internal conflict within the rebel forces has been overcome and the troops are totally united."

Cesar also stated the RN will attend the next meeting on peace and the negotiations for a definitive cease-fire with the the Nicaraguan Government representatives "on 25 May, as was planned."

He added that the RN has proposed Sapoa as the place to meet instead of Managua, but he also noted that the RN is willing to meet in Managua with government representatives if the RN representatives are given "total freedom of movement."

These statements were made shortly after an RN communique was released in the United States. In the communique, the rebels indicated their willingness to meet with Nicaraguan Government representatives in Mexico, the Dominican Republic, or Costa Rica on Friday, 20 May. Previously, the Nicaraguan Government had proposed Managua as the place for the meeting and 25 May as the date to renew the negotiations.

5 Contras, Detachment Leader Accept Amnesty

PA1905160088 Managua BARRICADA in Spanish 18 May 88 p 2

[Unattributed article: "Six Contras Surrender Along With All Their Equipment"]

[Excerpt] Esteli, San Rafael del Norte—A total of six counterrevolutionaries, headed by the chief of the "Concepcion Anibal Rivera" detachment of the Pedro Joaquin Gonzalez regional command, have decided to lay down their weapons and join the amnesty. They surrendered at Los Angeles, 11 km northeast of San Rafael del Norte. [passage omitted]

Panama

Health Minister Discusses Medicine Donations

PA1905230288 Panama City ACAN in Spanish 1900 GMT 19 May 88

[Excerpts] Panama City, 19 May (ACAN-EFE)—Today Panamanian Health Minister Francisco Sanchez Cardenas said that Panama has received medicine from several Latin American countries to help ease the shortage caused by the U.S. blockade.

At a news conference today, Sanchez Cardenas said countries such as France, Malta, Mexico, Nicaragua, the Vatican, and Yugoslavia, as well as Cuban and U.S. humanitarian organizations, have donated medicine to Panama.

According to Sanchez Cardenas, the medicines are antibiotics, serum, and disposable surgical supplies, in addition to medicine for heart patients.

Without disclosing the total value of the medicine donated by these countries, Sanchez Cardenas said that 14 tons of medicine had been received from Cuba, "and not arms," as opposition groups and one former Army member have said. [passage omitted]

The minister, who lashed out at the opposition because of their constant criticism surrounding the donation of medicine from Nicaragua and Cuba, said the 14 tons of medicine donated by Cuba is worth about $100,000. [passage omitted]

Brazil

President Sarney on New Industrial Policy

PY1905201488 Brasilia Radio Nacional da Amazonia Network in Portuguese 1347 GMT 19 May 88

[Speech by President Jose Sarney after signing four decrees establishing new industrial policy at Planalto Palace in Brasilia—live]

[Text] During my administration I have had the chance to carry out a few important actions in this hall, actions which were fundamental for Brazil's new political, social, and economic era. However, I believe that this step we are now taking is, undoubtedly, one of the most important, because it will change Brazilian industrial policy and it is an action that can be considered part of the economic sphere. It is also a political step because although we have so far been taking measures that were necessary for the political opening in Brazil to the extent that now the country enjoys unprecedented freedom, the democratic opening had not reached the economic and industrial sectors of the country. Today we are bringing a democratic opening to the industrial sector. We are thus concluding the democratization of our country because until today the industrial and the economic sectors of the country have not been enjoying the benefits of freedom.

I said it before at the beginning of this speech, and I will say it again, that when economic freedom is reduced, political freedom is also reduced. We have witnessed that in our country. Every time authoritarianism becomes stronger, the limiting control over the economy becomes stronger. The two mechanisms are interrelated. We are now attempting to liberate our economy so it can also experience the freedom that has been so beneficial to other sectors of our country.

I have just signed four decrees which will undoubtedly change the course of the Brazilian economy. These decrees establish a new commercial and industrial policy for the country. We have reduced or abolished import taxes and taxes on industrialized products. We have abolished almost all prior restrictions on exports, we have reorganized the Industrial Development Council [CDI], and we have drawn up the financial instruments related to the industrial policy.

Through this measure we have launched a new kind of relationship between the state and private enterprise. The former and the latter thus acquire new roles.

Experience has taught us that excessive red tape, excessive bureaucratization, and excessive state controls do not yield positive results and belong to an already obsolete phase.

Thus, I believe that the administrative debureaucratization, which we are seeking through these measures, is of the utmost importance. There has been too much state interference with business activities. The myriad of agencies and the paperwork that had hampered day-to-day activities of businessmen merely increased costs and hampered production.

We are now simplifying and streamlining bureaucratic procedures. Private enterprise thus gains a greater freedom to operate and to fully assume its role as the driving force in the country's development.

Now, whoever wants to build new industrial projects in the country will not require any advance authorization, provided they do not want to request government incentives. This implies responsibility because the market economy involves risks, and if businessmen want to enjoy the freedom, they must endure the risks.

This new relationship between the state and private enterprise is not based on identical views concerning the main objectives of the national economy. The current situation of our country requires a broad and clear-cut understanding of our problems. We cannot just pay attention to short-term interests at the risk of jeopardizing the basics. It would be tantamount to fighting for space in a collapsing building. If everyone is willing to help, the building will remain standing and each one will have his space assured.

Roberto Simonsen, one of the pioneers of Brazilian industrialization, used to say that there is clear and absolute symmetry between the goals sought by industrialists and national interests.

Adpating Simonsen's words to the current situation, I would say the greatest objectives of the Brazilian economy are intimately connected. They are: growth and the distribution of wealth. If we fail to grow and create jobs, we will worsen the country's social problems even more. No Brazilian is interested in social injustice, extreme poverty, and unfair distribution of wealth in the country. These three social problems have excluded from the employment market millions of Brazilians who could have contributed to increasing national wealth. These problems also endanger our institutions and our market economy. It would be a gross mistake to pursue the social achievements for which we all yearn by punishing the private sector and the companies.

The interests of the companies, of their workers, and of those who are living marginal lives outside society coincide in their most fundamental aspects. Growth at an adequate level and the concept of social achievements are related to several other achievements. As we must strengthen and expand our consumers' market, so businessmen must not consider salaries as expenses, as a cost. They must understand that, as a whole, salaries are a basic element for expansion.

Besides, Brazil cannot overlook its infrastructural services. Transportation, electricity, and telecommunications are fundamental for restarting the growth process. Nonetheless, our efforts to distribute wealth would be hindred if we did not modernize our country's productive sector.

The measures we are adopting today aim at modernizing the Brazilian economy. Brazil cannot lag behind in this historic moment. We are the world's eighth economy and have the potential capacity to be the world's economic leader. We have the basic capacity to master new technologies. We also have natural and human resources, an important group of scientists, a large industrial sector, and dynamic and modern businessmen to compete for this economic leadership.

The aggressiveness of our economy and of its capacity to respond to stimuli are shown in our foreign trade, which occupies the third position among the world's trading countries. We have possibilities to expand our economy further by increasing our productive sector. We can thus boldly compete in markets anywhere in the world. All we must do is to stir national will and grant our industrial sector the policies it needs to become more competitive.

The model that was used for substituting imports has played a fundamental and historic role in the industrialization of Brazil. But, today it is an exhausted model and it is endangering our development. Therefore, the time has come to bring another type of orientation to the economy, one that will enable us to make the big qualitative jump that is needed to allow Brazil to occupy a new place in the international work sector.

The world is experiencing a technological revolution. This modifies economic costs, gives a new orientation to comparative advantages, and introduces new activites, leading to new forms of hierarchies in economic relations.

Therefore, it is not sufficient just to become an industrial country or to be an exporter of manufactured goods to decrease the level of international economic dependence. No country can currently achieve economic maturity without technological development, and this will be the greatest challenge Brazil will have to face within the next few years.

As of today investment in technological training, productivity, and the quality of products will be given priority where fiscal benefits are concerned.

We are creating incentives, including tax deductions, for companies that invest in the development of national technology. For the first time we are creating specific incentives to encourage research at the level of the private sector. We are creating conditions under which local firms can modernize and be able to produce cheaper, better, and more competitive products, products that can be easily purchased by the Brazilian people. Our people must not be penalized by our support of obsolete industries that produce expensive products. The Brazilian people pay the price of that mistake.

We are also reorganizing the Industrial Development Council. This will improve the coordinated action of the various government organizations that participate in the process of industrial development. The private sector will participate in this council through a Consultative Commission and the different sectorial chambers. The CDI will formulate and coordinate the implementation of the new industrial policy. It will lay down the guidelines for the other government organizations in this field, it will establish priorities and the criteria for granting incentives, and it will be responsible for resolving the problems of our economy.

Within the new policy we will substitute the evaluation of isolated aspects of any one sector with sectorial negotiations that will encompass the main activities in the chain of production.

Here I want to express my recognition, on behalf of the president and the country, to Minister Jose Hugo Castelo Branco for his serene and exemplary work at the head of the Ministry of Industry and Commerce and for his firm conduct of the complex job that has allowed us to arrive today at the redefinition of our industrial policy.

I should add that this is not the result of a short-term undertaking; it is the result of 2 years of work, from the minute we decided, with Minister Castelo Branco, that the country needed a new industrial policy.

Minister Castelo Branco has given the country an extraordinary example of courage and public dedication by putting into this project all his time, without consideration for his health. He has given the country every minute he had to create the new industrial policy in a show of great public spirit.

Ladies and gentlemen, together with the new industrial policy we are launching a broad process of liberation of the Brazilian economy. This will be achieved by a process of simplification, modernization, and by the elimination of the imposition of duties, tariffs, and taxes, which will enable us to improve our efficiency and thus better compete in the world. The reduction of the tax rates on imported capital goods and raw materials will also serve to reactivate the economy. Our enterpreneurs were right when they complained about uncertainties and unnecessary complications. Then, we also had to face the complaints of our trade partners. The new measures will broaden the constructive dialogue with our partners in the commercial and financial fields. We have also eliminated the previous export control requirements on nearly 3,000 products.

I have asked the finance minister to hurry with the studies of the mechanisms to finance the export of Brazilian nontraditional products by using the instruments of the foreign debt conversion. I want to make clear that the Northeast and Amazonia regions will continue to receive special treatment in the package of measures we approved today. In some cases this treatment has improved under the new measures.

This group of measures, together with other measures I announced 3 days ago, which are now in the stage of implementation, are designed to be the basis for the return of national and international investments into the country.

On the internal front, we are adopting courageous measures to reduce the public deficit to 4 percent of the GDP this year. This will help to contain inflationary pressures, even though we know that we need the combined effort of the entire society, including the entrepreneurial sector, for this fight. We know that the adoption of artificial measures to contain ever rising prices are useless in the struggle against inflation.

On the international front, we are making every effort to conclude in the shortest possible time an agreement with the creditor banks which will mark the normalization of our relations with the international financial community. This is what we desire.

The modernization and readjustment program that I announced on 16 May, which was competently drafted by the finance and planning ministers with the cooperation and support of the governors, contains the guidelines with which we are placing the economy on track by eliminating subsidies; eliminating price controls, with the exception of prices charged by monopolies and oligopolies; and instituting an ample privatization process.

Our intention is to create conditions that will allow private initiative to develop freely. Brazilian enterprises must be competitive not just in Brazil, and now they can aspire to compete on an equal footing in the world market. Brazil and its overall business sector now has not only the conditions but also the tools with which to win this challenge.

I have no doubt that we are going to consolidate our democracy and achieve more development and more social welfare. I am sure the crisis has begun to pass. There are very clear signs that a new stage marked by active participation in the international economic system, modernization, and great technological conquests has already started, and this will be a stage of absolute rationality.

In the end, development is not obtained through demagogy, prejudice, or dirty tricks. Development is obtained through work and love of country.

Today we must acknowledge that after a very long process, the state in Brazil is experiencing a very profound crisis. It is enough to say that today the state has just enough resources to carry out all its tasks with net tax revenues of 8.8 percent [of GDP]. Once upon a time, it used 17 percent of GDP. The gross tax revenues once amounted to 26 percent [of GDP] and today they amount to approximately 20 percent. Therefore, it is not a question of debating the ideological or doctrinal problem of whether the state should or should not be interventionist.

We men of the state have to battle realities, and today Brazil's reality, after a very long period beginning in the 1970's, has reached this profound crisis of the state. Today the Brazilian state does not have any type of resources for investment. And not having resources for investment is threatening to endanger development. It is threatening to endanger such necessary programs as energy, transport, and communications. It is also threatening to endanger those basic services that the state has the obligation to give society, services such as health, education, and social welfare, which are deteriorating rapidly.

Therefore, no one can expect any more from the savior state, from the messiah state, from that state that resolved everything because it was in a position to resolve everything.

Today, with the Brazilian state in crisis, we have reached a point that requires courage, determination, and great sacrifice. Today we are carrying out a democratic action by opening up the economy so that it can enjoy the benefits of freedom, the benefits of the creativity of freedom, through competition, participation, and a free market. This is why we are getting rid of everything that was hampering the economy.

Some days ago I met with Mr Minister Strougal of Czechoslovakia. We exchanged opinions, and we concluded that given our different paths, and regardless of ideology, the alternatives both there and here are not very useful. In other words, we have no choice but to liberalize. This is happening in the East and in developing countries.

First we have to put our own house in order and face the problems of the present so that afterward Brazilians will be able to choose their doctrine and ideology and thus choose their path of the future.

This is what we now have to work with after so many crises have arisen and led to our current situation, crises of a social, economic, and political nature. These crises were not created at this time; they arose during the history of Brazil. There were also mistakes, but these mistakes can help the country respond immediately to these readjustments.

I want to thank the businessmen for being here. All the leaders of the business sector are here, and I want to say that as of now these gentlemen have the responsibility of developing a very large sector of Brazil. What they asked for has been given them. So, now get to work.

Group of Deputies Supports Sarney Debt Policy

PY1905171788 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 19 May 88

[Text] Carlos Sant'Anna, the government's leader in the Chamber of Deputies, will introduce a group of 26 deputies to President Sarney. These deputies support the government in the Chamber of Deputies. The group pledged to support Sarney and endorse the IMF agreement with Brazil and the rescheduling of the foreign debt.

Of the 26 deputies, 15 belong to the PMDB and 11 to the PFL.

U.S. Proposal on F-16 Fighters Declined

PY1905172588 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 19 May 88

[Text] Brazil has declined a U.S. proposal to jointly produce F-16 airplanes, which are the most sophisticated fighter planes used by the U.S. Air Force.

According to Aeronautics Minister Octavio Moreira Lima, Brazil does not have the funds to take on a program of this size.

Nuclebras Head Proposes 4 More Nuclear Plants

PY1905235588 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 18 May 88 p 10

[Text] Nuclebras President Licinio Seabra has proposed the construction of four more nuclear power plants at a cost of $7.7 billion. Seabra submitted this proposal to the Senate CPI [Congressional Investigating Commission] that is investigating the causes of the cesium-137 accident in Goiania in October last year.

Seabra assured the commission that the construction of four nuclear power plants, just as the three in Angra dos Reis, "would not entail any danger of a nuclear accident" because of the great technological progress in this field and because the public is currently trained for emergencies. Seabra argued that the country "will have to face the reality of the year 2010."

Foreign Minister To Visit Nordic Countries

PY1905005988 Brasilia Domestic Service in Portuguese 2200 GMT 19 May 88

[Text] Foreign Minister Abreu Sodre will begin a 15-day trip to Denmark, Sweden, Norway, and Finland on 20 May.

[Begin recording] [Reporter Paulo Paiva Noguera] Abreu Sodre will meet with the chiefs of state of those four countries, which have investments in Brazil that amount to more than $500 million.

Abreu Sodre will be accompanied by 10 Brazilian businessmen, who will propose joint corporations and an increase in trade to Nordic businessmen, because trade with those countries has been falling during the past few years.

Minister Ruy Nogueira, Itamaraty's spokesman, spoke about the trip.

[Nogueira] It is the first time that the Brazilian foreign minister will visit four Nordic countries at the same time.

The visits have an undeniable political nature, but he will also discuss trade and business.

The foreign minister will also discuss international topics, especially the Middle East, South Africa, and the Central American questions.

Regarding trade, the minister's visit will come at an opportune time, because he will be able to explain the recent total reformulation of the Brazilian industrial sector.

[Paiva Noguera] This is Paulo Paiva Noguera from Itamaraty. [end recording]

Briefs

Record April Trade Surplus

Foreign Trade Department Director Namir Salek announced a record surplus of $1.906 billion for April. The total trade surplus for the 1st quarter of 1988 has reached $5 billion. [Summary] [*PY1905034088 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 19 May 88*]

Ecuador

Borja on Diego Cordobez as Foreign Minister

PA1905142188 Quito Voz de los Andes in Spanish 1200 GMT 18 May 88

[Excerpt] Yesterday President-Elect Rodrigo Borja Cevallos said that he personally asked Diego Cordobez, Ecuadoran ambassador to the United Nations, to become the Ecuadoran foreign mninister as of 10 August 1988. Cordobez, however, has not given an official answer.

Borja said: I respectfully and patriotically requested Mr Cordobez to contribute toward serving the country. I believe, Borja added, it would be a great luxury for Ecuador if a man with such an extraordinary international prestige and knowledge of international relations were to become our foreign minister.

Borja said: This is the first and only cabinet proposal I have made to Ambassador Cordobez, who is also the UN mediator in the Afghan conflict and the Geneva agreements. [passage omitted]

Venezuela

Minister on Debt; Fedecamaras Views Economy

PA1905130388 Caracas Venezolana de Television Canal 8 in Spanish 1600 GMT 18 May 88

[Report by Jenny Silva]

[Text] There will be no new refinancing of foreign debt payments or increase of interest rates during the last days of the current administration. According to Finance Minister Hector Hurtado, changing the terms of the debt at this stage would be risky, and an increase in interest rates would also be inconvenient because of the country's current financial situation.

This was agreed within the framework of a meeting between top representatives of Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] and the government's economic cabinet.

A special Fedecamaras board of directors report was analyzed and evaluated by government and private sector representatives at the meeting held at the Finance Ministry.

The report comments on the economic situation, and it highlights, among other things, the economic indicators for the first months of the year. These figures indicate low inflation levels maintained by price control, seasonal food production, and other factors. Maintenance of job recovery levels and stability in the price of the dollar—although the preferential exchange rate still shows a marked difference with the dollar—have also promoted low inflation.

According to Fedecamaras, the lack of liquidity is one of our economy's negative aspects and one that will restrict the offer of goods and services if it is not corrected. An additional negative factor that must be taken into consideration is the international petroleum market's trend toward slumping; its impact is noticeable in Venezuela's foreign exchange income and in the national treasury.

Fedecamaras suggests that the country's present scarce resources be efficiently used, and it proposes that regular expenses be curtailed in favor of reinvestment and capital-formation incentives for the private sector. These measures would also reduce the present year's fiscal deficit.

These suggestions are followed by another set of suggestions dealing with monetary policies. The private sector admits that the lack of liquidity has been caused by the the drop of petroleum exports, which has decreased dollar income. This factor has an important bearing on monetary standards because it reduces tax income. Furthermore, foreign debt payments, capital flight, and the increase in the cost of imported goods, which have to paid at 14.50 bolivares per dollar, also have produced the present negative situation. According to Fedecamaras, the situation is getting worse as the dollar is constantly devaluing in the international market. Fedecamaras also notes that in addition to these factors, the Venezuelan Central Bank's restricted open market policy and the bank's high interest rates have also contributed to the current negative situation.

To counter these problems, Fedecamaras proposes that liquidity be increased to more quickly promote productivity, and it notes that this measure initially requires the Venezuelan Central Bank to make advance payments and discounts and to extend payment periods established by law. Furthermore, the bank should restrict its use of money by implementing a major interest-rate reduction that requires modification of the October 1985 rates. The bank should also give financial assistance to savings and loans institutions through the National Savings and Loan Bank to protect the low-income housing program and give more credit to agriculture and agroindustry using a flexible agriculture discount policy.

In addition to the mentioned measures, Fedecamaras also proposes that the foreign debt be recycled instead of rescheduling its payments as previously done.

Briefs

New Labor Minister

President Jaime Lusinchi has sworn in Jose Arnaldo Puigbo Morales as labor minister. He replaces Simon Antoni Pavan, who was appointed ambassador to Italy. [Excerpt] [*PA1905172888 Caracas Venezolana de Television Canal 8 in Spanish 0000 GMT 19 May 88*]